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State Dept., Envoy Resisted Changes

By David B. Ottaway
Washington Post Staff Writer

The State Department and the former U.S. ambassador to Moscow for years resisted recommendations that all Soviet nationals working at the U.S. Embassy be fired although they knew that about 50 of the 200 local employes were working for the KGB, according to congressional and administration counterintelligence advisers.

Numerous studies of the worsening Soviet espionage threat were made as far back as 1977 under President Jimmy Carter, with the pace increasing after 1981 under President Reagan. But little was done about the raft of recommendations until recently because of what one expert called "bitter" interagency disputes and "pure bureaucratic resistance" to change.

"There was enormous resistance to it," said the expert, once a participant in the process.

The first of the National Security Council proposals for tightening security in "100-odd categories" was completed in early 1982 and provoked "real fighting and feuding," he said.

Many U.S. officials and intelligence experts seem to agree that it took the disclosures of serious security breaches and espionage in 1985, the "year of the spy," to bring high-level attention to the problem.

One long-unresolved dispute concerned whether to fire all Soviet nationals at the Moscow embassy. Another revolved around who should be responsible for overall security there and at other embassies.

Among embarrassing problems to surface in recent months were revelations that some Marine guards in Moscow had allowed Soviet spies into the embassy's most sensitive sections and that the new Moscow embassy chancery has been filled with listening devices.

Sen. Patrick J. Leahy (D-Vt.), former vice chairman of the Senate Select Committee on Intelligence, said yesterday that embassy security is now impossible and that the buildings should be torn down and replaced at Soviet cost.

"The fact is that this embassy can never, ever be made secure. Ever," Leahy said on CBS News' "Face the Nation." Leahy said the United States should "require payment from the Soviets for the damage that has been caused or not allow them to go into their own embassy in Washington."

A 1977 agreement blocks the Soviets from moving into newly constructed office space on one of the highest hills in Washington until the United States moves into the Moscow site. "Their embassy is sitting on Mount Alto here in Washington and has antennas going to the Pentagon, the White House, the Treasury, the CIA, everything else," Leahy said. "Our new embassy being built over there is in a swamp; it is surrounded by buildings controlled by the KGB."

President Reagan, who is visiting Canada, was asked about the situation yesterday during a photo session in Ottawa and said the United States would not move into the building until it is debugged.

"I know that's been a problem for several years, at the new building, and I know that steps are constantly being taken by our people, so I can't tell you what the situation is right now, but obviously if there is no way to change that around we obviously wouldn't move in, would we," he said.

Several sources said the problems are rooted deeper than listening devices or spying within the embassy. A counterintelligence expert said the State Department's regional security officer, the Central Intelligence Agency, the Defense Intelligence Agency, the Marine Corps guard and other security personnel had been squabbling like "Chinese warlords" guarding independent fiefdoms.

"The problem wasn't the Marine guards per se," said another expert. "The problem was the need for more coordinated interagency counterintelligence analysis and work."

Two former Marine guards at the embassy, Sgt. Clayton J. Lonetree and Cpl. Arnold Bracy, have been charged with espionage and the entire 28-man contingent was called back to the United States for interrogation. The two accused Marines—and apparently three others—had sexual affairs with Soviet women working at the embassy and one such affair led to the alleged complicity of Lonetree and Bracy with KGB agents allowed into the chancery's inner sanctum early last year.

Critics argue that if the administration, particularly the State Department, had heeded repeated warnings as far back as 1982, the latest disastrous security breach could have been avoided.

Among those most reluctant to accept some of the proposed security-tightening measures, even after the discovery in 1985 that the Soviets had been bugging embassy typewriters, was the former U.S. ambassador, Arthur A. Hartman, according to several congressional and former administration counterintelligence officials.

Hartman returned from Moscow in February after five years as ambassador. His tour was plagued by repeated discoveries of Soviet espionage activities at the embassy, including the bugging of typewriters, the placing of a fine dust on embassy cars to track the whereabouts of U.S. diplomats and the installation of eavesdropping devices in the walls of the still-unfinished chancery.

Hartman argued, according to these sources, that getting rid of all Soviet nationals at the embassy would seriously complicate his task of dealing with the Soviets. Hartman also took the attitude that "I don't have any secrets here," one source said.

Hartman vehemently denied allegations that he had ever favored skimping on security measures. "It is not true that I didn't take it [security] seriously," he said in an interview.

He said he had favored a "substantial reduction" in the number of Soviets working at the embassy and "other things to reinforce our security." But he indicated that he had reservations about getting rid of all the Soviets because their American replacements might be "more vulnerable."

Past and present administration counterintelligence officials said that Reagan, at the start of his administration, named a private Foreign Intelligence Advisory Board to make proposals for improving U.S. counterespionage activities here and at the Moscow embassy, but the recommendations went largely unheeded.

The New York Times reported Friday that Texas billionaire H. Ross Perot resigned in disgust from the panel because no one in the administration was taking its recommendations seriously. Perot refused to comment on the report, but sources close to him said he had resigned because he did not want to be part of "a sham."

Among other reported problems were the absence of clear lines of responsibility for embassy security; the uncertain role of the regional security officer, who in theory at least is in overall charge; and the serious threat posed by the embassy's 200 Soviet employes.

Among these employes, according to one former administration official, were "about 50" KGB employes and officers, including a colonel who worked in the embassy's administrative section and was well known by security officials.

State Department spokesman Charles E. Redman said the president's advisory board had issued several classified reports with "various recommendations" that resulted in Reagan's decision in November 1985 to begin reducing the Soviet staff.

Redman, seeking to defend the department's record, said it had produced a comprehensive plan in summer 1985 to replace "a significant number" of Soviet nationals. A Senate intelligence committee report in October said the plan involved reducing the number to 95.

Redman said other steps taken to improve security included the exclusion of Soviet workers from the construction site of the new embassy complex in August 1985, a decision to have Americans complete the work and another to bar Soviets from the new chancery building.

In June 1985, Secretary of State George P. Shultz appointed a panel headed by former deputy CIA director Bobby Inman to study the mounting terrorist threat to U.S. diplomatic missions abroad. The panel noted that the State Department's Office of Security suffered from "inadequate training" of officers and "major structural weaknesses" in the organization of its relations with other security agencies.

"Its position within the hierarchy of the Department of State has created a perception among other security and law enforcement agencies that the department does not take its security responsibilities very seriously," the panel said.

A report by the Senate intelligence committee in October concluded that the administration badly needed "an integrated strategic security program."

The White House, it said, had presented many good proposals for improving U.S. counterintelligence but that they had failed to receive "sustained attention" because they challenged existing procedures and "cut across bureaucratic lines of responsibility."

The committee said it was "very concerned" about "serious deficiencies" in the security of U.S. overseas facilities, "primarily those managed by the Department of State."

It said the "threat to the security of U.S. operations" by the employment of Soviet nationals "must be recognized."

On Oct. 22, two weeks after the Senate report was issued, the Soviet Union resolved some of the interagency feuding by withdrawing all Soviet personnel working at the Moscow embassy in retaliation for the administration's expulsion of 25 suspected Soviet spies working at the United Nations in New York.

The State Department has contracted with California-based Pacific Architects and Engineers Inc. to provide 65 to 80 replacements for the 200 Soviet nationals and the department's Foreign Building Office plans to hire 50 to 60 others to complete construction of the embassy chancery.

A U.S. official said 27 new hires have arrived in Moscow. He said another 10 embassy support personnel will leave the United States this month and another 15 in May.

He said about half of those hired as embassy drivers, translators, plumbers and for other jobs on two-year contracts speak Russian and have academic backgrounds in Soviet studies. All are undergoing thorough security checks and "no one will travel to Moscow without top security clearance," he said. "We have not wavered one bit on this."